

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

July 24, 2008

VSTRS Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011

JOSEPH MACKEY, Vice-Chairperson (Active No. 29334), term expiring July 1, 2009

THOMAS CANDON, representing Commissioner of BISHCA

JEB SPAULDING, VT State Treasurer

VAUGHN ALTEMUS, representing Commissioner of Education

VSTRS Members absent:

JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2012

Also attending:

Donna Holden, Board Coordinator

Cynthia Webster, Retirement Policy and Outreach Director

Bill Rice, Law & Policy Director

David Minot, Director of Finance and Investments

Elizabeth Pearce, Deputy Treasurer

Bill Griffin, Chief Assistant Attorney General

Linda Deliduka, Vermont Retired Teachers Association

The Chairperson, Jon Harris, called the Thursday, July 24, 2008, meeting to order at 8:34 a.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, Vermont.

ITEM 1: Approve the Minutes of: June 10, 2008 – Business Meeting

On a motion by Mr. Altemus seconded by Mr. Mackey, the Board unanimously voted to approve the minutes of June 10, 2008, as submitted.

ITEM 2: Discuss/Act on Travel Request - 13th Annual Super Bowl of Indexing

Mr. Altemus advised the Board he would be participating at the conference as a panel speaker, and confirmed with IMN that the value of his participation would be compensatory to the cost of his attendance at the conference.

On a motion by Mr. Candon seconded by Mr. Mackey, the Board voted to approve the no-cost travel request for Vaughn Altemus to attend the 13th Annual Super Bowl of Indexing conference sponsored by Information Management Network, December 7-10, 2008, in Phoenix, AZ.

ITEM 3: 403(b) Investment Program Interview – Great West Retirement Services

Perry Christie, Vice President – National Accounts Government Markets, Brent Neese, Vice President - East Region, Karl Kroner, Regional Director, Ronald “Chip” Sanville, Sr. Account Executive, Jonathan Smith, Plan Coordinator, and Kay Kuzmik, Local Office Manager appeared before the Board.

ITEM 4: 403(b) Investment Program Interview – The Hartford

Joint proposal presenters Carol A. Idone, Hartford Regional Sales Director Retirement Plans Group, Gerald R. Mittica, Edward Jones Financial Advisor, Cathy Systo, Edwards Jones Financial Advisor, and Robb R. Boyd, Edward Jones Principal - Marketing, appeared before the Board.

ITEM 5: Deliberations

At 1:46 p.m. on a motion by Mr. Altemus seconded by Mr. Mackey, the Board unanimously voted to enter into executive session, pursuant to Title 1 § 313, to discuss contracting matters.

Mrs. Webster, Mr. Minot, Ms. Deliduka, Mr. Rice, and Mr. Griffin were invited into the executive session.

At 2:46 p.m. the Board moved out of executive session.

On a motion by Mr. Spaulding seconded by Mr. Mackey, the Board unanimously voted to tentatively approve Great West Retirement Services as the third party administrator of the 403(b) Investment Program, subject to successful negotiations on fees, products, and contract terms.

ITEM 6: Discuss/Act on IRS Determination Process

Mr. Mackey made a motion seconded by Mr. Altemus, to apply for a qualified Plan IRS determination letter including IRS fees, legal services costs, and any other EPCRS recommendations, as outlined in the 7/14/08 memo received.

Mr. Rice referred the Board to his memo dated 7/14/08. He explained the current opportunity to participate in an IRS determination process by January 31, 2009, which included a voluntary disclosure process recommended to all governmental retirement plans. He explained the process included fees up to \$26,000K per system, plus the cost of contracting with a tax attorney to review the system Plan documents (statutes) in preparation of the filings. Mr. Rice also confirmed the Treasurer's Office was working with the AG's Office and have discussed the need to obtain the services of an IRS knowledgeable attorney or firm to work with the systems in preparation of the review/determination process. He said the AG's Office would do the contracting for services rather than the Boards and/or Treasurer's Office.

Mr. Rice advised that the planned schedule was to have the Contractor review statutes and have the initial application completed by October, with an IRS response and action plan prepared by the 1/1/09 determination letter application deadline.

The original motion unanimously passed.

Mr. Spaulding advised the Board, based on GASB regulations, and perhaps in the IRS determination process, the Board would need to look at the way the system funds the health care benefit.

The Board agreed to discuss the current and future funding, growing liability, and potential accounting impacts to the retirement systems.

ITEM 7: Any other business to be brought before the Board

Mrs. Webster distributed a memorandum dated July 22, 2008, regarding four senior teacher proposals.

The Board authorized Mrs. Webster to notify the personnel director and three of the applicants that the documentation presented did not meet the criteria, however, the Board will take formal action at the September 10, 2008, meeting.

Adjournment

On a motion by Mr. Candon seconded by Mr. Mackey, the Board unanimously voted to adjourn at 3:51 p.m.

Next Meeting Dates:

The next scheduled business meeting is September 10, 2008
The VSTRS actuarial valuation meeting is scheduled for October 29, 2008.

Respectfully submitted,

Donna Holden
Board Coordinator for Cynthia Webster, Secretary to the Board